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# National Tea Co.

## ANNUAL REPORT

For the Year Ending
December 31, 1930

*Chicago, Ill., February 25th, 1931*

MRB
CORP. FILE

1000 CROSBY STREET, CHICAGO, ILLINOIS

February 25th, 1931

To the Stockholders of THE NATIONAL TEA CO.:

The earnings of your Company for the year ending December 31st, 1930, amounted to $1,239,926.22, after making provision for Federal taxes, and are equivalent after deducting Preferred Dividends to $1.71 per share on 660,000 shares of Common Stock outstanding. This result compares with a profit of $2,731,266.67 for the year 1929, equivalent after Preferred Dividends to $3.89 per share of Common.

The consolidated sales for the year amounted to $85,245,760.78 as compared with $90,210,077.02 for the year 1929, a decrease of approximately 5½%. That this decrease does not represent a falling off in business done is evidenced by the fact that commodity prices have declined approximately 15%, and further by the fact that tonnage sold during the year has increased over 1929.

On December 31, 1930, the Company was operating 1600 stores of which 264 were combination Grocery and Meat Markets, and 14 were detached Markets, while on the same date in 1929 it operated 1627 stores, including 185 combination Grocery Markets and 23 detached Markets.

On May 1st, 1930, the Company sold $4,000,000.00 par value five-year 5% Gold Notes, the proceeds of these being used to retire Purchase Money obligations, and for additional working capital and the expansion and improvement of store properties and equipment.

The decline in commodity prices throughout the year required the taking of inventory losses, in order to insure our selling prices being on a competitive basis at all times. These lower prices also called for the handling of a greater tonnage per thousand dollars of sales. This was overcome to a large degree by bringing about operating economies which were effected in the latter part of the year. With these operating conditions greatly improved we have every reason to anticipate satisfactory results for 1931.

Yours very truly,
GEO. RASMUSSEN,
President.

# BALANCE SHEET — DECEMBER 31, 1930

## ASSETS

| | | |
|---|---|---|
| **CURRENT ASSETS:** | | |
| Cash on Hand and in Banks | | $ 1,788,204.53 |
| Notes Receivable | | 7,971.31 |
| Accounts Receivable— | | |
| Trade | $ 344,210.60 | |
| Other | 242,087.85 | |
| | $ 586,298.45 | |
| Less:—Reserve for Bad Debts | 30,556.60 | 555,741.85 |
| Inventories of Merchandise and Supplies on hand and in Transit, certified as to quantity and condition by officials of the Company and valued at cost or market, whichever is lower | | 9,150,603.36 |
| Mortgages Receivable—Due 1931 | | 21,625.00 |
| Total Current Assets | | $11,524,146.05 |
| **MORTGAGES RECEIVABLE:** | | |
| Due Subsequent to 1931 | | 9,000.00 |
| **INVESTMENTS:** | | |
| Nateco Realty Trust (represented by 500 Certificates of Beneficial Interest being 50% ownership—at cost) | $ 668,870.51 | |
| Rana Investment Company—50% interest at cost | 250,000.00 | |
| Treasury Stock at Cost or Market whichever is lower | 594,344.88 | |
| | | $ 1,513,215.39 |
| **PROPERTIES—AT COST:** | | |
| Land and Buildings | $ 8,143,163.19 | |
| Machinery, Fixtures and Equipment | 7,227,160.39 | |
| Delivery Equipment | 1,294,890.61 | |
| | $16,665,214.19 | |
| Less:—Reserve for Depreciation | 4,609,353.62 | |
| | | 12,055,860.57 |
| **GOODWILL** | | 2,222,610.23 |
| **DEFERRED CHARGES:** | | |
| Advanced Premiums to Customers, less Reserve | $ 52,705.03 | |
| Prepaid Taxes, Insurance, etc | 321,179.02 | |
| Unamortized Discount and Expense on 5% Gold Notes | 174,202.04 | |
| | | 548,086.09 |
| | | $27,872,918.33 |

## LIABILITIES

| | | |
|---|---|---|
| **CURRENT LIABILITIES:** | | |
| Notes Payable | | $ 1,150,000.00 |
| Accounts Payable— | | |
| Trade | $ 1,853,555.95 | |
| Payroll and Commissions | 220,263.62 | |
| Interest and Taxes | 491,129.95 | |
| Employes' Deposits | 14,797.39 | |
| Dividends Accrued | 174,969.41 | |
| Provision for Federal Income Tax—Estimated | 167,519.27 | |
| | | 2,922,235.59 |
| Purchase Money Obligations—Due 1931 | | 62,500.00 |
| Commercial Letters of Credit (Secured by Trust Receipts and Coffee in Transit) | | 238,259.54 |
| Total Current Liabilities | | $ 4,372,995.13 |
| **PURCHASE MONEY OBLIGATIONS:** | | |
| Due Subsequent to 1931 | | 395,500.00 |
| **FIVE YEAR 5% GOLD NOTES:** | | |
| Due May 1, 1935 | | 4,000,000.00 |
| **CONTINGENT RESERVE** | | 83,447.86 |
| **PREFERRED STOCK, 5½% CUMULATIVE:** | | |
| Authorized and Issued—200,000 shares of $10 each | | 2,000,000.00 |
| **COMMON STOCK:** | | |
| Authorized—800,000 shares of No Par Value | | |
| Issued—660,000 shares of No Par Value | | 8,250,000.00 |
| **SURPLUS:** | | |
| As per Statement Attached | | 8,770,975.34 |
| | | $27,872,918.33 |

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# INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1930

| | | | |
|---|---|---|---|
| Sales | | | $85,245,760.78 |
| Deduct: | | | |
| Cost of Sales and Expenses | | $82,813,689.39 | |
| Depreciation | | 1,040,365.65 | |
| Loss on Disposal of Capital Assets | | 48,878.62 | |
| | | | 83,902,933.66 |
| Net Operating Profit | | | $ 1,342,827.12 |
| Add: | | | |
| Revenue from Nateco Realty Trust | | $ 49,028.33 | |
| Revenue from Rana Investment Company | | 10,070.77 | |
| | | | 59,099.10 |
| Net Profit before deducting Federal Income Tax | | | $ 1,401,926.22 |
| Estimated Federal Income Tax | | | 162,000.00 |
| Net Profit after deducting Federal Income Tax | | | $ 1,239,926.22 |
| Surplus, January 1, 1930: | | | |
| Earned | | $ 7,605,456.34 | |
| Capital | | 2,000,000.00 | |
| | | | 9,605,456.34 |
| | | | $10,845,382.56 |
| Deduct: | | | |
| Dividends: | | | |
| Preferred | $109,081.92 | | |
| Common | 961,815.50 | | |
| | | $ 1,070,897.42 | |
| Reorganization Expense written off | $649,319.18 | | |
| Adjustment to reduce value of Treasury Stock to Market Value at December 31, 1930 | 354,190.62 | | |
| | | 1,003,509.80 | |
| | | | 2,074,407.22 |
| Surplus as per Balance Sheet | | | $ 8,770,975.34 |

We have examined the books and records of the National Tea Co. and its subsidiaries for the year ended December 31, 1930, and we certify that the above consolidated Balance Sheet and the relative attached Income and Surplus Account, in our opinion, correctly set forth, respectively, the financial condition of the Company as at December 31, 1930, and the results from operations for the year to that date.

ARTHUR YOUNG & CO.
Certified Public Accountants.

Chicago, Illinois, February 17, 1931.